

*of this section. The institution shall use any gifts, grants, and donations received for the purposes of this section before using other revenue.*

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2011.

Passed by the House on May 13, 2011: Yeas 135, Nays 3, 1 present, not voting; passed by the Senate on May 25, 2011: Yeas 31, Nays 0.

Approved June 17, 2011.

Effective June 17, 2011.

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## CHAPTER 704

H.B. No. 499

### AN ACT

relating to the additional penalty for collection costs for certain delinquent ad valorem taxes.

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. Section 33.08(b), Tax Code, is amended to read as follows:

(b) The governing body of the taxing unit or appraisal district, in the manner required by law for official action, may provide that taxes that become delinquent on or after June 1 under Section 26.07(f), 26.15(e), 31.03, 31.031, 31.032, ~~or~~ 31.04, *or 42.42* incur an additional penalty to defray costs of collection. The amount of the penalty may not exceed the amount of the compensation specified in the applicable contract with an attorney under Section 6.30 to be paid in connection with the collection of the delinquent taxes.

SECTION 2. The change in law made by this Act applies only to additional penalties on taxes that become delinquent on or after the effective date of this Act. Additional penalties on taxes that become delinquent before the effective date of this Act are governed by the law in effect when the taxes become delinquent, and the former law is continued in effect for that purpose.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2011.

Passed by the House on April 19, 2011: Yeas 145, Nays 0, 2 present, not voting; passed by the Senate on May 21, 2011: Yeas 31, Nays 0.

Approved June 17, 2011.

Effective June 17, 2011.

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## CHAPTER 705

H.B. No. 528

### AN ACT

relating to the provision of pharmaceutical services through informal and voluntary networks in the workers' compensation system; providing an administrative violation.

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. Section 408.027(f), Labor Code, is amended to read as follows:

(f) *Except as provided by Section 408.0281, any* ~~Any~~ payment made by an insurance carrier under this section shall be in accordance with the fee guidelines authorized under this

subtitle if the health care service is not provided through a workers' compensation health care network under Chapter 1305, Insurance Code, or at a contracted rate for that health care service if the health care service is provided through a workers' compensation health care network under Chapter 1305, Insurance Code.

SECTION 2. Sections 408.028(f) and (g), Labor Code, are amended to read as follows:

(f) Notwithstanding any other provision of this title, the commissioner by rule shall adopt a fee schedule for pharmacy and pharmaceutical services that will:

- (1) provide reimbursement rates that are fair and reasonable;
- (2) assure adequate access to medications and services for injured workers; ~~[and]~~
- (3) minimize costs to employees and insurance carriers; *and*
- (4) *take into consideration the increased security of payment afforded by this subtitle.*

(g) ~~Section 413.011(d) and the rules adopted to implement that subsection do not apply to the fee schedule adopted by the commissioner under Subsection (f). [Insurance carriers must reimburse for pharmacy benefits and services using the fee schedule as developed by this section, or at rates negotiated by contract.]~~

SECTION 3. Subchapter B, Chapter 408, Labor Code, is amended by adding Sections 408.0281 and 408.0282 to read as follows:

*Sec. 408.0281. REIMBURSEMENT FOR PHARMACEUTICAL SERVICES; ADMINISTRATIVE VIOLATION. (a) In this section:*

(1) *"Informal network" means a network that:*

*(A) is established under a contract between an insurance carrier or an insurance carrier's authorized agent and a health care provider for the provision of pharmaceutical services; and*

*(B) includes a specific fee schedule.*

(2) *"Voluntary network" means a voluntary workers' compensation health care delivery network established under former Section 408.0223, as that section existed before repeal by Chapter 265 (H.B. 7), Acts of the 79th Legislature, Regular Session, 2005, by an insurance carrier for the provision of pharmaceutical services.*

(b) *Notwithstanding any provision of Chapter 1305, Insurance Code, or Section 504.053 of this code, prescription medication or services, as defined by Section 401.011(19)(E):*

*(1) may be reimbursed in accordance with the fee guidelines adopted by the commissioner or at a contract rate in accordance with this section; and*

*(2) may not be delivered through:*

*(A) a workers' compensation health care network under Chapter 1305, Insurance Code; or*

*(B) a contract described by Section 504.053(b)(2).*

(c) *Notwithstanding any other provision of this title, including Section 408.028(f), or any provision of Chapter 1305, Insurance Code, an insurance carrier may pay a health care provider fees for pharmaceutical services that are inconsistent with the fee guidelines adopted by the commissioner only if the carrier has a contract with the health care provider and that contract includes a specific fee schedule. An insurance carrier or the carrier's authorized agent may use an informal or voluntary network to obtain a contractual agreement that provides for fees different from the fees authorized under the fee guidelines adopted by the commissioner for pharmaceutical services. If a carrier or the carrier's authorized agent chooses to use an informal or voluntary network to obtain a contractual fee arrangement, there must be a contractual arrangement between:*

*(1) the carrier or authorized agent and the informal or voluntary network that authorizes the network to contract with health care providers for pharmaceutical services on the carrier's behalf; and*

*(2) the informal or voluntary network and the health care provider that includes a specific fee schedule and complies with the notice requirements of this section.*

(d) *An informal or voluntary network, or the carrier or the carrier's authorized agent, as appropriate, shall, at least quarterly, notify each health care provider of any person, other than an injured employee, to which the network's contractual fee arrangements with the health care provider are sold, leased, transferred, or conveyed. Notice to each health care provider:*

*(1) must include:*

*(A) the contact information for the network, including the name, physical address, and toll-free telephone number at which a health care provider with which the network has a contract may contact the network; and*

*(B) in the body of the notice:*

*(i) the name, physical address, and telephone number of any person, other than an injured employee, to which the network's contractual fee arrangement with the health care provider is sold, leased, transferred, or conveyed; and*

*(ii) the start date and any end date of the period during which any person, other than an injured employee, to which the network's contractual fee arrangement with the health care provider is sold, leased, transferred, or conveyed; and*

*(2) may be provided:*

*(A) in an electronic format, if a paper version is available on request by the division; and*

*(B) through an Internet website link, but only if the website:*

*(i) contains the information described by Subdivision (1); and*

*(ii) is updated at least monthly with current and correct information.*

*(e) An informal or voluntary network, or the carrier or the carrier's authorized agent, as appropriate, shall document the delivery of the notice required under Subsection (d), including the method of delivery, to whom the notice was delivered, and the date of delivery. For purposes of Subsection (d), a notice is considered to be delivered on, as applicable:*

*(1) the fifth day after the date the notice is mailed via United States Postal Service; or*

*(2) the date the notice is faxed or electronically delivered.*

*(f) An insurance carrier, or the carrier's authorized agent or an informal or voluntary network at the carrier's request, shall provide copies of each contract described by Subsection (c) to the division on the request of the division. Information included in a contract under Subsection (c) is confidential and is not subject to disclosure under Chapter 552, Government Code. Notwithstanding Subsection (c), the insurance carrier may be required to pay fees in accordance with the division's fee guidelines if:*

*(1) the contract:*

*(A) is not provided to the division on the division's request;*

*(B) does not include a specific fee schedule consistent with Subsection (c); or*

*(C) does not clearly state that the contractual fee arrangement is between the health care provider and the named insurance carrier or the carrier's authorized agent; or*

*(2) the carrier or the carrier's authorized agent does not comply with the notice requirements under Subsection (d).*

*(g) Failure to provide documentation described by Subsection (e) to the division on the request of the division or failure to provide notice as required under Subsection (d) creates a rebuttable presumption in an enforcement action under this subtitle and in a medical fee dispute under Chapter 413 that a health care provider did not receive the notice.*

*(h) An insurance carrier or the carrier's authorized agent commits an administrative violation if the carrier or agent violates any provision of this section. Any administrative penalty assessed under this subsection shall be assessed against the carrier, regardless of whether the carrier or agent committed the violation.*

*(i) Notwithstanding Section 1305.003(b), Insurance Code, in the event of a conflict between this section and Section 413.016 or any other provision of Chapter 413 of this code or Chapter 1305, Insurance Code, this section prevails.*

*Sec. 408.0282. REQUIREMENTS FOR CERTAIN INFORMAL OR VOLUNTARY NETWORKS. (a) Each informal or voluntary network described by Section 408.0281 shall, not later than the 30th day after the date the network is established, report the following information to the division:*

*(1) the name of the informal or voluntary network and federal employer identification number;*

*(2) an executive contact for official correspondence for the informal or voluntary network;*

*(3) a toll-free telephone number by which a health care provider may contact the informal or voluntary network;*

*(4) a list of each insurance carrier with whom the informal or voluntary network contracts, including the carrier's federal employer identification number; and*

*(5) a list of, and contact information for, each entity with which the informal or voluntary network has a contract or other business relationship that benefits or is entered into on behalf of an insurance carrier, including an insurance carrier's authorized agent or a subsidiary or other affiliate of the network.*

*(b) Each informal or voluntary network shall report any changes to the information provided under Subsection (a) to the division not later than the 30th day after the effective date of the change.*

*(c) An informal or voluntary network shall submit a report required under this section, including a report of changes required under Subsection (b), to the division through the division's online reporting system available through the division's Internet website.*

*(d) An informal or voluntary network commits an administrative violation if the informal or voluntary network violates any provision of this section.*

SECTION 4. Section 1305.101(c), Insurance Code, is amended to read as follows:

(c) Notwithstanding any other provision of this chapter, prescription medication or services, as defined by Section 401.011(19)(E), Labor Code, may not, *directly or through a contract*, be delivered through a workers' compensation health care network. Prescription medication and services shall be reimbursed as provided by *Section 408.0281, Labor Code, other provisions of the Texas Workers' Compensation Act*, and applicable rules of the commissioner of workers' compensation.

SECTION 5. (a) With respect to a contractual agreement that provides for fees for pharmaceutical services that are different from the fees authorized under the fee guidelines adopted by the commissioner of workers' compensation under Title 5, Labor Code, and that is in effect on the effective date of this Act, the notice required under Section 408.0281(d), Labor Code, as added by this Act, shall be sent not later than the 30th day after the effective date of this Act, and subsequent notices required under that section shall be sent on a quarterly basis.

(b) With respect to a contractual agreement that provides for fees for pharmaceutical services that are different from the fees authorized under the fee guidelines adopted by the commissioner of workers' compensation under Title 5, Labor Code, and that is entered into after the effective date of this Act, the notice required under Section 408.0281(d), Labor Code, as added by this Act, shall be sent not later than the 30th day after the effective date of the contract, and subsequent notices required under that section shall be sent on a quarterly basis.

SECTION 6. Each informal or voluntary network described by Section 408.0281, Labor Code, as added by this Act, that has a contract between an insurance carrier or an insurance carrier's authorized agent and a health care provider for the provision of pharmaceutical services that is in effect on the effective date of this Act shall file the report described by Section 408.0282(a), Labor Code, as added by this Act, not later than the 30th day after the effective date of this Act.

SECTION 7. A contractual agreement between an insurance carrier and a health care provider that provides for fees for pharmaceutical services that are different from the fees authorized under the fee guidelines adopted by the commissioner of workers' compensation under Title 5, Labor Code, that was in effect on any date between and including January 1,

2011, and the effective date of this Act, and that is arranged under a contract with an informal or voluntary network registered with the division of workers' compensation of the Texas Department of Insurance under Section 413.0115, Labor Code, is validated and may not be the sole basis of an enforcement action under Title 5, Labor Code.

SECTION 8. If any provision of this Act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 9. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2011.

Passed by the House on May 4, 2011: Yeas 139, Nays 0, 2 present, not voting; passed by the Senate on May 24, 2011: Yeas 31, Nays 0.

Approved June 17, 2011.

Effective June 17, 2011.

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## CHAPTER 706

### H.B. No. 534

#### AN ACT

relating to the powers and duties of the Gunter Municipal Utility Districts Nos. 1 and 2 and to the creation of the Mustang Ranch Municipal Management District No. 1 and the Case Creek Municipal Utility District No. 1 of Grayson County; providing authority to impose a tax, levy an assessment, and issue bonds; granting a limited power of eminent domain.

*Be it enacted by the Legislature of the State of Texas:*

#### ARTICLE 1. GUNTER MUNICIPAL UTILITY DISTRICTS NOS. 1 AND 2

SECTION 1.01. Subchapter C, Chapter 8238, Special District Local Laws Code, is amended by adding Section 8238.104 to read as follows:

*Sec. 8238.104. NO ALLOCATION AGREEMENT. Section 54.016(f), Water Code, does not apply to the district.*

SECTION 1.02. Chapter 8238, Special District Local Laws Code, is amended by adding Subchapter C-1 to read as follows:

#### *SUBCHAPTER C-1. DIVISION OF DISTRICT INTO MULTIPLE DISTRICTS*

*Sec. 8238.131. DIVISION OF DISTRICT; PREREQUISITES. The district may be divided into two or more new districts only if the district:*

- (1) has no outstanding bonded debt; and*
- (2) is not imposing ad valorem taxes.*

*Sec. 8238.132. LAW APPLICABLE TO NEW DISTRICT. This chapter applies to any new district created by division of the district, and a new district has all the powers and duties of the district.*

*Sec. 8238.133. LIMITATION ON AREA OF NEW DISTRICT. A new district created by the division of the district may not, at the time the new district is created, contain any land outside the area described by Section 2, Chapter 966, Acts of the 80th Legislature, Regular Session, 2007.*

*Sec. 8238.134. DIVISION PROCEDURES. (a) The board, on its own motion or on receipt of a petition signed by the owner or owners of a majority of the assessed value of the real property in the district, may adopt an order dividing the district.*